



## Support Wyoming Businesses. Support Jobs. Support Tourism.

### *Defend and strengthen our visitor economy.*

It's time to rise up Wyoming. The one program that is responsible for marketing our state to the rest of the world stands at a critical intersection. A constricted energy industry, resulting in declining state revenues and unaddressed plans for funding public education, continue to put pressure on Wyoming's General Fund revenues, which is currently the only funding source for the Wyoming Office of Tourism (WOT).

In the last two legislative sessions alone, WOT has received a 13.5% budget reduction, forcing our state to 31<sup>st</sup> in tourism marketing nationally, behind Montana, Utah, Colorado and South Dakota, all states that have dedicated funding sources.

As an industry we cannot afford to sit back and do nothing. If we do, Wyoming will continue to see negative impacts deepen across our travel industry, resulting in fewer travelers to Wyoming. If we want the visitor economy to grow here in Wyoming, we must be the ones to move it forward.

For this industry, the way forward is together. We must work collaboratively and cohesively to establish a long-term sustainable funding option for WOT that will free it from the ups and downs associated with General Fund-supported budgets. While the 1% leisure and hospitality tax proposed during the last legislative session remains our preferred vehicle to achieve a dedicated funding source, legislative leadership has indicated little to no support for moving it forward. During the 2018 budget session, leadership in the legislature and governor's office strongly pushed for a statewide lodging tax that was inadequate. The bill was presented extremely late and the industry expressed a wide range of opposition with it. Because of this disparity, that statewide lodging tax bill was narrowly blocked from moving forward. To avoid a similar situation, we must lead this discussion. And the time is now.

After considerable examination and consideration of the current legislative playing field, for the 2019 general session, Wyoming's hospitality industry is considering a 5 percent statewide lodging tax that would dedicate 3% to fund the state's marketing program and 2% as a safeguard replacement for a portion of the local option lodging taxes in each county or municipality. By leveraging this tax, a dedicated funding source will be in place to support our state's domestic and international marketing efforts. This will result in continued, long-term growth of Wyoming's visitor economy—an economy that continually ranks as one of the leading generators of sales and use tax in Wyoming and is essential to communities and our workforce. Supporting this self-sustaining funding strategy is supporting Main Streets and supporting jobs for Wyoming.

#### **Why is the hospitality industry supporting a statewide lodging tax?**

- We support this because a growing travel and tourism industry ensures increased revenue and a strong, vibrant future for Wyoming's lodging properties, restaurants and related businesses that benefit from the visitor economy. This tax will allow for a stable, largely visitor-supported funding model that benefits every one of us here in Wyoming.

#### **Our existing local option lodging tax is currently at 3% or 4%. Are we taking a cut in our local marketing dollars?**

- No. The 2% local portion of this tax would be guaranteed by the state for your local promotion. At renewal time every four years you will still have a public vote for the remaining 1% or 2%, allowing you the same local option of up to 4%.

#### **Why would this tax be focused solely on one sector of our industry?**

- We attempted a broad based 1% leisure and hospitality tax with legislators and were met with strong opposition. There is not a current path forward for that funding model, and the legislature showed a strong preference for a statewide lodging tax instead, based on the belief that it will have less impact on locals and Wyoming residents. We barely prevented a more egregious version of a statewide lodging tax from advancing during the last session. If we do not attempt to find compromise, we run the real risk of a statewide lodging tax being passed without our support and without it being dedicated to the statewide marketing program or protecting the local option lodging tax.

#### **What is the reasoning for choosing a 3% statewide lodging tax vs. a different percentage?**

- The percentage was chosen based on the amount of revenue needed to fund a competitive marketing campaign dedicated to growing the visitor economy - our largest private sector employer - and places Wyoming in a competitive posture relative to surrounding states.

### **Why should I care about fully funding a statewide marketing program?**

- Tourism in the western U.S. is highly competitive. Currently, Wyoming ranks 31<sup>st</sup> in its marketing investment. Therefore, we need to ensure messaging to raise Wyoming above the competition. A statewide marketing program promotes visitation to Wyoming on both a national and international level—this helps to ensure a vibrant and thriving visitor economy for our state. Our visitor economy creates local jobs (directly supporting more than 32,000 jobs in Wyoming) and business opportunities we otherwise wouldn't have. It's critical that we invest in setting ourselves apart from other states that share similar assets.

### **Why not just stick with the status quo?**

- Relying on the status quo means we are at the mercy of the economy and/or an election to determine funding, which is too inconsistent and unreliable for growth. If we are to compete among other western states and grow the visitor economy in Wyoming, a stable, dedicated, long-term funding strategy is imperative. Each year we are under the threat of budget cuts, which only weakens our competitive position.

### **How will this new statewide lodging tax benefit my businesses? Why should I support it?**

- As a business that employs Wyoming residents, you should support this because it will be dedicated to marketing Wyoming as a vacation destination. By having devoted marketing dollars, we are able to proactively bring more visitors to the state and more customers to our communities and small town businesses, which results in a direct and positive impact on your business's revenue.

### **Will this tax make my business less competitive?**

- While total tax rates vary from county to county, if passed, the maximum tax rate on a room in Wyoming would be 13% mirroring the national average.

### **While I know that tourism is the second-largest industry in Wyoming, how important is it to my district?**

- No matter where you live in the state or which district you represent, investing in the visitor economy is investing in Wyoming. The leisure and hospitality industry has a direct impact on business, citizens and job growth as it directly supports 32,120 jobs (which translates to 13 % of Wyoming's workforce). In fact, the leisure and hospitality industry is the largest private sector employer in the state. By investing in tourism and marketing Wyoming as a travel destination, you'll be helping create and support Wyoming-based jobs and have a positive impact on your district's constituents.

### **Will this new funding have any effect on how WOT is structured?**

- Not at all, WOT is a state agency that will remain part of the executive branch and as such, budgets for WOT will still be submitted and approved by the Wyoming State Legislature and all funds will go through the state's system. The only real change is the source of revenue.

### **What's going to stop other industries, entities and programs in Wyoming from wanting their "piece of this pie" from this new funding model?**

- To be honest, nothing. But for Wyoming to have a healthy and diverse economy, it's vital that this revenue be dedicated to the promotion of Wyoming as a destination. Plus, by removing WOT's funding from the General Fund, there will be an additional \$25 million per biennium—that was previously used to market Wyoming—that can now be reallocated to other areas that are in dire need of additional funds.

### **How many leisure travelers visit my city?**

- You can access the full *Wyoming Travel Impacts, 2004 thru 2017* [here](#), or you can access an executive summary for each of Wyoming's 23 counties [here](#). For more industry information, visit [www.travelwyoming.com/industry](http://www.travelwyoming.com/industry).

### **Does advertising really work? Won't visitors come to Wyoming regardless of a statewide marketing campaign?**

- Yes, advertising really does work. That's why brands invest in marketing....to influence consumer behavior and their purchasing decisions, they don't rely on their brand alone in the increasingly competitive marketplace. It's no different in this business, consumers have many choices for their vacation destination and Wyoming must be top of mind in their consideration set. The good news is that a minimal investment in advertising yields a high return, i.e. for every \$1 invested in advertising \$10 is returned in tax revenue – that's a 10:1 ratio! Every \$1 spent in advertising results in \$245 in purchases of Wyoming goods and services. It only costs about \$1.50 in advertising to generate one visitor. (Source SMARI 2017 Advertising Effectiveness and ROI)